
DIGEST

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HB 37 Reengrossed

2020 Second Extraordinary Session

Beaulieu

Abstract: Authorizes a one-time income tax credit for the amount of annual state license or permit fees imposed by the commissioner of alcohol and tobacco control paid by the owners of restaurants and bars whose sales for calendar year 2020 were affected by the COVID-19 pandemic.

Proposed law authorizes a one-time income tax credit for the amount of annual state license or permit fees imposed by the commissioner of alcohol and tobacco control and paid by the owners or operators of restaurant establishments and establishments licensed to sell or serve alcoholic beverages for consumption on their premises by paying customers.

Proposed law provides that in order for a taxpayer to be eligible for the credit, the total sales made by the taxpayer's business from March 1, 2020, through Dec. 31, 2020, must be less than the total sales made by the taxpayer's business for those same dates in 2019 as a result of the operations of the business being interrupted by the COVID-19 pandemic. Additionally authorizes eligible businesses that commenced operations on or after August 1, 2019, to be eligible for the credit if their business operations were interrupted by the COVID-19 pandemic between March 1, 2020, and Dec. 31, 2020.

Proposed law requires the submission of documentation to the secretary evidencing the taxpayer's total sales from March 1 through Dec. 31 for both the 2019 and 2020 taxable periods, the taxpayer's La. sales tax account number for each location of the taxpayer's business, the taxpayer's office of alcohol and tobacco control permit number for each location of the taxpayer's business, and any other documentation required by the secretary.

Proposed law exempts any eligible business that commenced operations on or after August 1, 2019, from the requirement to produce documentation evidencing total sales for taxable periods in 2019.

Proposed law provides that the amount of the credit shall equal the amount of the annual state license or permit fee for calendar year 2020. The renewal of annual state licenses or permits for calendar year 2020 shall also be eligible for the tax credit. If a license or permit is issued on a two-year basis, the amount of the credit shall be the equivalent of one-half of the total license or permit fee if any part of the license or permit authorized the business to be operational during calendar year 2020.

Proposed law provides that unused amounts of the tax credit may be carried forward as a tax credit against subsequent La. income tax liability for a period not to exceed three years and provides for the claiming of the credit.

Proposed law is applicable to income taxable periods beginning on or after Jan. 1, 2020.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6041)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add provisions relative to the claiming of the credit provided for in proposed law.
2. Decrease the number of years unused amounts of tax credits may be carried forward from five to three.
3. Add requirement that proposed law is applicable to income taxable periods beginning on or after Jan. 1, 2020.

The House Floor Amendments to the engrossed bill:

1. Change the criteria for eligibility of the tax credit from income derived from sales made by the business in 2019 and 2020 to the total sales made by the taxpayer's business from March 1, 2020, through Dec. 31, 2020, compared to those same dates in 2019.
2. Authorize eligible businesses that commenced operations on or after August 1, 2019, to be eligible for the credit if its operations were interrupted by the COVID-19 pandemic between March 1, 2020, and Dec. 31, 2020.
3. Add provisions relative to the documentation required to be submitted to the secretary in order to claim the credit and clarify the returns in which the credit may be claimed.